



State Tax Commission

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PROPERTY TAX RULES COMMITTEE MEETING MINUTES

Tuesday, July 9, 2019

9 a.m. – 12 p.m.

Welcome & Introductions

Chair Alan Dornfest

Approve June 7, 2019 Minutes

Chair Alan Dornfest

- Three additions were made to the minutes. Revised minutes follow these minutes.
- Betty Dressen, Payette County Clerk, moved to approve the minutes with three changes. Sabrina Young, Washington County Treasurer, seconded the motion.

Rules Status Report

Kathlynn Ireland

RULES:

225 – DOCUMENTATION FOR NEWLY ORGANIZED OR ALTERED TAXING DISTRICTS OR REVENUE ALLOCATION AREAS (RAA'S) UNDER THE JURISDICTION OF URBAN RENEWAL AGENCIES

- **This rule will go forward as a proposed rule.**
- In section 07, change one restrictive word from “shall” to “will” and fix two punctuation.
- The rule should go into effect 01/01/2020, as the law was effective July 1, 2019. This rule change is in response to legislative change.
- The Tax Commission is no longer able to deny boundary changes based on legal review.
- Kathlynn discussed this rule with Jeff Servetus and he is fine with it.
- Betty Dressen, Payette County Clerk, moved to approve this rule draft with the three changes. Janet James, Tax Commission, seconded the motion.

317 – OCCUPANCY TAX ON NEWLY CONSTRUCTED IMPROVEMENTS ON REAL PROPERTY

- **This rule was tabled to be discussed at the July 30 meeting.**

317.04

- Terry Accordino, Micron, and Miguel Legarreta, ATI, both think this is a good example not addressed elsewhere in rule and should be kept.
- The main issue is whether occupancy tax can go to the Urban Renewal Agencies in the year of annexation or formation. Is this not possible, or is this not being done?

317.05(b)

- The goal is to clarify. The chair asked Meghan Conrad, Elam & Burke, if she could suggest language. Meghan agreed and will work on it. She will send language to the chair before the next meeting.

804 – TAX LEVY – CERTIFICATION – URBAN RENEWAL DISTRICTS

- **This rule was tabled to be discussed at the July 30 meeting.**

804.01(c)

- The committee all agreed the changes are consistent with other parts of this rule.

804.01(e)

- Meghan Conrad stated this language makes sense.
- The question of timing for IC 63-602Y property coming in during the year was put forth to Brad and Dwight. Their answer is they wait until the following year to assess equipment under this provision.
- Meghan wants to consider and research this issue of timing.
- Janet James, Tax Commission, commented transients aren't getting categorized as increment in the year of RAA formation.
- The chair solicited the assessors to research urban renewal properties procedure with respect to 63-313 transient property.

717 – PROCEDURE AFTER CLAIM APPROVAL – Property Tax Reduction

- **This rule will go forward as a proposed rule.**
- The draft needs two changes: a comma in 717.03 and leaving in the word "who" in 717.04(r).
- The purpose of this rule change was to get us in compliance with the new circuit breaker.
- It is the county's choice if they process these at the end of the year or as they come in.
- Betty Dressen, Payette County Clerk, moved to approve the rule draft with two changes. Sabrina Young, Washington County Treasurer, seconded the motion.

RULES 130 AND 131 Subcommittee Report – Alan Dornfest, Chair

- **The sub-committee working on rules 130 and 131, which will provide guidance on compliance standards for equalization of agricultural land and will report at the July 30 meeting.**

RULES 613 AND 614 Subcommittee Report – Shaunna Roeber, Chair

- **These rules provide guidance on agricultural land valuation and were tabled to be discussed at the July 30 meeting, and for a vote on August 8.**
- These will be combined into a new rule, 617.
- 617 will be incorporate provisions of 613 and 614 and provide further clarification of procedures.
- The subcommittee is meeting later today.

RULES WITH EXAMPLES TO CONSIDER MOVING TO A MANUAL:

627 – PROPERTY EXEMPT FROM TAXATION – CERTAIN PERSONAL PROPERTY OWNERSHIP CLARIFICATION

- **This rule was tabled until December.**
- Terry Accordino, Micron, gave some history on this rule. In 5/2013 Rick Anderson, Tax Commission, wrote a memo to the assessors with the precursor to all these examples.
- These examples help to explain income tax concepts versus property tax concepts to help the assessors understand. This understanding is still important.
- The chair stated we need to look at this rule for the long term and proposed we resume discussion in December.
- The chair stated we could remove the example and add more verbiage to clarify.
- Miguel Legarreta, ATI, voiced reservations about removing examples in this area of complexity.
- The group discussed if this was an example of how to apply the rule, but not the rule itself - and if it could be moved to a manual.

803– BUDGET CERTIFICATION – DOLLAR CERTIFICATION FORM (L-2 Form)

- **This rule be voted on August 8 to consider deletion of a seldom used example.**
- Betty Dressen, Payette County clerk, said this was a good change and agreed this example had a very narrow scope.
- The word “shall” will be removed in 803.01(c) and the next word, “include”, will be changed to “includes”. The word “shall” later in the same sub-section will be changed to the word “will”.
- Betty Dressen, Payette County Clerk, moved to approve the rule draft with two changes. Sabrina Young, Washington County Treasurer, seconded the motion.

988 – QUALIFIED PROPERTY FOR EXEMPTION

- **Terry Accordino and Payette County Assessor Mark Harvey recommended that the examples in the rule should be retained. No further action will be taken at this time.**

219 – UNIFORM PARCEL NUMBERING SYSTEM

- **This rule will be tabled until the August 8 meeting, at which time a vote will be taken to delete the following:**
 - The last sentence in 05d
 - The examples in 05 and related verbiage
 - The example in 08h
 - And to consider deletion of the verbiage in 08g.

220 – RULES PERTAINING TO ASSESSMENT OF INTERNAL REVENUE CODE (IRC) SECTION 42 LOW-INCOME PROPERTIES

- **The committee will vote on August 8 on the issue of deleting the example.**

- Maryann Prescott stated this example was better served in a manual, instead of rule.

315 – USE OF RATIO STUDY TO EQUALIZE BOISE SCHOOL DISTRICT

- **No changes to this rule will be considered this year.**
- The table in this rule is different than the table in Rule 130 and the group agreed it should be kept.

645 – LAND ACTIVELY DEVOTED TO AGRICULTURE DEFINED

- **This rule will be voted on at the August 8 meeting.**

619 – PROPERTY EXEMPT FROM TAXATION – FACILITIES FOR WATER OR AIR POLLUTION CONTROL

- **The committee will vote on August 8 on the issue of deleting the example.**
- F.O.B. needs to be changed to “freight on board”.
- The chair asked the group if it would be helpful to have a cross reference to operating property rules. Jerott Rudd, Tax Commission, said it would be useful but not necessary.

628 – PARTIAL EXEMPTION FOR REMEDIATED LAND

- **The committee will vote on removal of the calculation example on August 8.**
- There have been examples of remediated land exemptions being used in a few counties.
- The chair asked the assessors if they use the calculation example found in the rule. The assessors present indicating not using the example

961 – HOMESITE ASSESSMENT AND FOREST LANDS OF LESS THAN FIVE ACRES AND CONTIGUOUS PARCELS

- **The example of homesite categories in 02d of the rule is not necessary and the committee will vote on eliminating it on August 8.**

802 –BUDGET CERTIFICATION RELATING TO NEW CONSTRUCTION AND ANNEXATION

- **The changes to this rule will be voted on during the August 8 meeting.**
- The group agreed to retain the examples beginning on page 27 of the packet. These examples relate to urban renewal revenue allocation areas with deannexations.
- Other examples relating to the site improvement exemption and found in 03b vi – ix and the partial new construction value calculation found in section 05 are to be deleted.

PROPERTY TAX RULES COMMITTEE MEETING MINUTES

Friday, June 7, 2019

9 a.m. – 12 p.m.

Welcome & Introductions

Committee Chair Alan Dornfest

Welcome to the State Tax Commission's new chairman, Chairman Tom Harris.

Minutes Approved from April 10, 2018

Rules Status Report

Committee Co-chair Kathlynn Ireland

EXAMPLES AND RULES DISCUSSED TO BE MOVED TO A MANUAL:

The chair explained three categories we want to use for each example we discuss today:

1. An example we really need to have the full force of law.
2. An example that's purely an example and is fine to be moved to a manual or a web link.
3. An example we're unsure if it can be moved out of rule or if it needs the full force of law.

Rule and Consensus of Committee:

130

- **Move to the Ratio Manual.**
- **Keep rule and take out example.**

219

- **Keep rule but take out examples.**
- Good for class material. **Add this example to the Mapping Rules/Laws Manual.** One suggestion was to have one manual per topic and not let these manuals become too big.

220

- The committee agreed **moving the example to manual** would be more user friendly.
- **Keep rule but take out example.**

315

- The entire committee agreed this example is not needed.
- **Keep rule but take out example.**

317

- **Table until July** after the Bulletin is published so we can discuss the rule in depth.

613/614

- Subcommittee will meet this afternoon and provide a report at the next meeting.
- **Table until July.**

619

- The counties and Commission are not using the example regarding the calculation of the pollution control exemption amount.

- Some members saw value in preserving the example in a manual.
- **Keep rule but take out example.**

627

- This rule was originally written for a new law so everyone could understand how to implement it. Now we have a history and widespread understanding.
- Some members want to keep the rule to avoid introducing ambiguity.
- **We will ask for approval to remove the example but continue discussion at the next meeting.**
- The questions of how assessable the manuals will be was asked. They will be available on the website.

628

- **Keep rule but take out examples.**

645

- The definition of these categories are in other rules.
- **We will correct the rule for references to other rules being deleted.** These are non-substantive changes and don't require approval.
- **Remove categories from rule.**

802

- Originally, this table was a reaction to a new exemption for site improvements.
- Some thought it could be moved to the manual for new assessors and included in their training.
- Others felt the example IS the rule and should be kept.
- **We will ask for approval to remove the example but continue discussion at the next meeting.**

803

- This rule was written for a specific one-time problem.
- The committee wanted to know what changed to create the need for a temporary rulemaking.
- **The Disclaimer Table will stay.**
- **We will ask for approval to remove the example but continue discussion at the next meeting.**

961

- **Remove example from the rule.**

964

- There was no negative feedback from assessors but we'll **table until winter.**
- **Ask for approval (ARRF) in December.**

988

- **Table until the next meeting.**
- **Terry Accordino (Micron) will research this rule and advise.**

989

- **Keep the example in rule.**

RULES DISCUSSION:

006/411

- These are companion rules and the main rule is 411. If we're not using it in 411 there is no reason to have it in 006.
- This reference has become obsolete for our purposes. There are more comprehensive guides available online. This is no longer the definitive.
- **Betty Dressen moved to delete highlighted sections of 006 and 411, and add the word "identifying" to 411.** The motion was seconded.

130/131

- Will be discussed in subcommittee this afternoon.
- **The subcommittee will report at the next meeting.**

225

- We can't approve or disapprove mapping. The Commission can only not recognize.
- We can only require notification.
- The statute is clear so minimal is needed in rule.
- **Will continue to discuss at next meeting.**

317

- **Will discuss in depth at next meeting after the notice is published.**
- The basic premise is that partial occupancy value is recognized as increment value, not base value. In the first year, annexation results in a prorated occupancy tax.
- There is no Tax Code Area established in our software for RAA's during the first year of formation, so there's no way to distribute the tax generated from occupancies.
- Direction in rule conflicts with law.

804

- There's a meeting on June 20th with the city association and this will be discussed.
- **A draft will be brought to the next meeting.**

613/614

- Will be discussed in subcommittee this afternoon.
- Option 1: Rewrite 613, incorporating what's needed from 614. Then delete 614.
- Option 2: Delete 613 & 614 and make a new rule.
- Everyone was invited to attend the sub-committee meeting at 1:00.
- **The subcommittee will report at the next meeting.**

717

- This draft is the temporary version.
- **The chair asked everyone to go through the language to see if everything works for the permanent version. It will be discussed in depth at the next meeting.**

945

- If we delete this rule, does the statute alone protect the taxpayer? Is there more protection by double stating?
- The counties only use this action after two or three years of working with a taxpayer where the taxpayer won't participate by providing the list.
- The law still provides for that action without the rule.
- **This rule will expire on June 30.**

968

- This is redundant. It's all in the statute with one exception: the rule allows the Commission to be silent on the category so the county can do what is right in their situation.
- **This rule expires on June 30.**

980

- The market value is used in statute, but the original price is used in rule.
- This was discussed at length with Jerry White and he's ok with changes.
- **Will discuss in depth at the July meeting after the notice is published.**